

**6.11.6 Customer Service Representative (CSR) Training**

The Contractor shall ensure that all CSRs are trained in appropriate EBT policy and escalation procedures. CSRs shall be knowledgeable about county-specific card replacement and PIN selection procedures. The CSRs shall also be trained in retailer related EBT policies and escalation procedures.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.11.7 County and State Technical Help Desk**

The Contractor shall maintain technical support for county and State staff 24 hours per day, 7 days per week. Technical support shall be available for the purpose of resolving technical problems, such as production problems, locating files and transmissions, as well as providing assistance for a variety of administrative functions, such as settlement questions/issues and other administrative terminal functions.

The Contractor will provide appropriate technical support contact points and phone numbers to county and State staff.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12 Settlement and Reconciliation**

Settlement is the means by which the Contractor ensures reimbursement to retailers for the prior 24-hour processing period. Reconciliation is the means by which the Contractor provides the counties and the State with their daily financial position and validates settlement. Daily settlement and reconciliation activities shall be performed with one hundred percent (100%) accuracy. **(100% accuracy is understood to mean that any out-of-balance conditions are researched and corrected by the next business day).**

For FSP and cash programs, the Contractor shall initiate settlement payments to retailers and financial institutions through either ACH transfers or Federal Reserve Wire transfers each settlement day. This shall be performed to ensure receipt of settlement payments by the retailers

and financial institutions the next business day.

The Contractor shall accommodate the procedures required above to provide daily cutoff, determine financial position, and perform settlement, and reconciliation activities. Other responsibilities include:

- Ensuring file format, transmission protocols, and settlement windows correspond to prevailing EFT standards established between retailers, financial institutions, and networks
- Verifying electronic transactions flowing to or, in some circumstances, from participating EBT service provider financial accounts
- Creating and maintaining a file containing individual records of EBT transactions
- Totaling all credits accumulated by each financial institution and retailer
- Providing balance information to retailers for store terminal totals from individual POS terminals as appropriate
- Providing each retailer or their designated third party processor and ATM networks with information on their net position in the system on a daily basis
- Accepting liability for errors in the creation or transmission of the ACH tape
- Complying with new Federal, State or county settlement procedures issued during the life of the contract.

All financial report contents and formats shall be provided to the State and counties for review and approval before EBT operations. All financial and settlement reports shall be made available via an on-line terminal system connected directly to the EBT Host system. As necessary, State offices, CWDs, and county financial offices (e.g., Treasurers, Auditors/Controllars) shall have administrative terminals available to access daily financial information, settlement summaries and detail reports.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

### 6.12.1 Food Stamp Settlement

#### 6.12.1.1 Program Funding

FSP benefits are not funded until a recipient transaction is settled. Benefit amounts for which the recipient is eligible will be authorized by a benefit authorization file or a benefit authorization record transmitted by CWDs to the Contractor. FSP benefits credited to the food stamp account represent credit balances only; no funds will be transferred when benefits are authorized. On the day the recipient accesses benefits, the Contractor shall initiate a draw of Federal funds sufficient

to settle the recipient FSP purchase. Day of draw FSP transactions will be settled on the next settlement day following the transaction day.

Bidders shall propose methods to separately reconcile the State Funded FSP and federally funded FSP.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.12.1.2 Federal Settlement

The Federal Reserve Bank of Richmond shall act as the Account Management Agent (AMA) for the FNS Food Stamp Program EBT benefits account. The AMA shall interface with the ASAP system.

The Contractor shall interface with the AMA and provide data necessary for funds projection and FSP reconciliation.

The transmission of issuance and returned benefit data elements and retail credit summary totals shall be accomplished via batch files to the AMA.

County authorized benefit amounts reported on the monthly FNS 46 report must reconcile to the benefit authorizations entered by the Contractor into the AMA. To support the reconciliation process, the Contractor shall not post benefit authorizations to the AMA prior to the first day of the month in which benefits will be available to clients. For example, October benefits shall not be posted to the AMA prior to October 1.

For the FSP, the Contractor's concentrator bank shall be reimbursed for outlays made to retailers and other entities through an ASAP request initiated by the Contractor. The Contractor shall originate a payment request through the ASAP system prior to 11:59 p.m. Eastern Time. The funds will be transferred to the concentrator bank. Federal funds may not be drawn to cover unauthorized issuance or transactions in excess of recipient account balances. ASAP and FNS data requirements are located in the Bidders' Library.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

## 6.12.2 Cash Program Settlement

### 6.12.2.1 Program Funding

For cash benefits, funds will not transfer until the recipient accesses the benefits and settlement occurs. A benefit authorization file or a benefit authorization record transmitted by the CWD to the Contractor shall authorize benefit amounts for which the recipient is eligible. These benefits represent credit balances only; no funds will be transferred when benefits are authorized. When a recipient transaction is settled, the Contractor shall initiate action to effect a transfer of county funds sufficient to reimburse the recipient draw. Day of draw transactions shall be settled on the next business day following the day of draw.

The Contractor's concentrator bank initiates an ACH debit to each county's financial institution so that the concentrator bank is reimbursed for ACH outlays made to retailers and other acquirers. In addition to ACH transfers, the State may consider other methods for county funds movement such as Fed Wire. Final methods will be determined during System Design.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

### 6.12.2.2 County Settlement

The CWD shall provide monthly data at the beginning of each month to the county auditor/controller for approval, and shall update files throughout the month. This shall constitute prior approval of benefit payments to be made throughout the month.

The Contractor shall provide daily summary benefit and financial settlement information to each county treasurer for the prior day's processing activity no later than 5:00 A.M. Pacific Time. This settlement information will be utilized by participating county treasurers' offices to monitor and/or initiate a daily funds transfer for settlement purposes. The Contractor supplied financial, settlement and benefit information shall include daily total settlement payments by program category

The Contractor shall provide daily detailed settlement totals and reconciliation data to each participating county auditor/controller's office for cash programs. This information will be used to perform post activity audits as directed by the county auditor/controller.

The Contractor shall be capable of providing daily settlement data to counties via an administrative terminal, other electronic means and printed report. Each county will select one or more of the methods for receipt of information transmitted to the offices of the CWD, auditor/controller and treasurer.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.3 Maintain General Ledger Accounts**

The Contractor shall maintain ledger accounts at the recipient, program, State and county levels. Following cutoff, the EBT system shall be balanced and reconciled. The Contractor shall compute the end-of-day net position or balance for each general ledger account. For each account, the end-of-day net position is equal to:

Opening balance + credits – debits = End-of-day balance

The Contractor shall balance the EBT system as a whole to ensure that the change in the net position in the sum of recipients' accounts balances to the change in the net position of program accounts and that the change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for the State and counties.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.4 Reconciliation**

The Contractor shall meet FSP reconciliation requirements of 7 CFR 274.12(j). The Contractor shall use the FSP reconciliation requirements to perform reconciliation for all benefit programs. At a minimum, a Contractor shall propose procedures for reconciling:

- Recipient account daily beginning balance and net draws versus the ending balance
- Recipient net redemption versus acquirer settlement values
- Total funds entering, exiting, and remaining in the system each day
- Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for the State and counties
- The net settlement value of all transactions to the sum of the net settlement values for all benefit programs
- The net settlement value of all transactions to the sum of the net settlement values for all county offices.

The Contractor shall use the information generated during system cutoff and balance processing to prepare the daily settlement files. The Contractor shall specify procedures for maintaining audit trails throughout the settlement process.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.5 Commercial Settlement**

The Contractor's concentrator bank shall be a federally insured financial institution. To effect commercial settlement via the ACH, the Contractor shall have an originating and receiving relationship with the ACH. For purpose of clearing through the ACH, the Contractor shall maintain a Federal Reserve Bank clearing account. For transaction processing and settlement purposes, the Contractor shall be a member of the prevailing regional network(s) and /or national networks and be capable of settling both ATM and POS transactions.

The benefit crediting process in the EBT system shall be accomplished through an electronic transfer of funds to financial institutions. The Contractor shall be able to credit financial institutions that do not accept ACH transmissions.

All EBT service providers, including retailers, cash-only POS and ATM networks shall be allowed to select their own cutoff times for their business day. If the cutoff time selected does not allow for all transactions to be settled on the just-closed EBT processing day, then those transactions occurring after the EBT processor's cutoff time will be settled the next business day.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.5.1 Contractor Originated Settlement**

For retailers, third parties, or other service providers that are directly connected to the EBT Host, the Contractor shall originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits shall be entered into the ACH for settlement on the next settlement day.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.5.2 Network Settlement**

Credits due EBT service providers connected to the Contractor through a regional or national network shall settle utilizing standard commercial practices.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.5.3 Inter-Processor Settlement**

In some instances, the Contractor may experience significant crossover traffic between its EBT recipients and EBT recipients whose benefits are processed through another contractor. At their discretion, the Contractor may enter into an agreement for direct interchange to minimize switching fees. Any agreements for direct interchange shall include provisions for transaction settlement and reconciliation.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.6 Administrative Terminal Support for Settlement Information**

The Contractor shall provide an administrative terminal to allow the State to access information regarding the State's daily settlement positions. Settlement information shall be categorized by program. Settlement information shall be provided for the three (3) preceding settlement days. Settlement information shall be available no later than 5:00 A.M., Pacific Time on the settlement day. Bidders may propose other approaches to providing State and county agencies access to settlement information.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.7 Adjustments**

The Contractor shall make available a mechanism that will enable a retailer or financial institution to initiate an adjustment to correct an out-of-balance condition or system error identified during the reconciliation process. The adjustment process shall reference the original settled transaction to be adjusted. The Contractor shall notify the county of the accounts affected no later than one business day after the adjustment is performed. An audit trail of the actions taken on a given transaction shall be maintained.

The Contractor shall make available to each processor attached to its system, data files that enable that processor to reconcile each day's settlement. Reconciliation and adjustment data between the Contractor and all processors involved in the State's EBT system shall be made available to each county and the State upon their request.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.12.8 FNS Minneapolis Computer Support Center Transmission**

The Contractor shall transfer ACH data containing daily redemption activity of each retailer to the FNS Minneapolis Computer Support Center at least once a week.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.13 Reporting**

The Contractor shall accommodate the informational needs of the State, counties and FNS. This information shall be provided electronically (via administrative terminals or batch files) or through other media that is mutually agreed upon. Electronic reports may be required as print files, data (or flat) files, or both. The Contractor will provide the capability for most reports to be available on-line. The Contractor may also explore alternative methods such as Internet access.

The Contractor shall provide report training and report manuals for State and county staff prior to EBT operations.

The reporting system shall produce information at the program, local office, and county summary levels. Settlement and reconciliation reports shall be consolidated at the State level by program. The Contractor will be responsible for distributing appropriate daily, weekly and monthly reports to the State, counties and FNS. The distribution of the reports shall be in an electronic format, but the method for distribution of reports will be negotiated between the State and Contractor during system design/development activities. Reports provided by the contractor in an electronic format shall use ANSI standard carriage control.

The Contractor shall provide to each county a daily transaction history file of all transactions resulting in account activity for reconciliation, audit, and investigative purposes. Also, the Contractor shall produce a monthly statewide transaction history file for submission to the State. File contents will be defined and agreed to by the Contractor and State during System Design. The file structure will be produced in a standardized format that will allow the State and counties to manipulate data with ad hoc tools.

General categories of State reports have been identified and are described below. Specific data elements and formats for required reports, and frequency and schedule for reports, and report recipients shall be defined during the design phase. Additional reports may be identified and required at that time. All proposed reports shall be submitted to the State for review and approval during the Design Phase.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_



**6.13.1 Project Management Reports**

Project Management reporting requirements are described in Section 5.12 of this ITP, Project Management Standards and Practices, and Section 4 of the Contract, Project Management.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.2 Financial Audit Reports**

Financial audit reports are those reports needed by the State in order to account, reconcile and balance, and audit the EBT system processing and operations.

**6.13.2.1 Account Activity Reports**

The Contractor shall provide daily account activity reports reflecting all account actions received from the State and/or counties via batch and/or on-line during an EBT processing day, or taken on behalf of the State by the EBT Contractor (i.e., account expungements or food stamp conversions). The reports shall provide detail on every transaction that impacts an EBT account balance or account status. The reports shall show the amount of the transaction (i.e., account action), type of transaction, date and time of transaction, and who originated the transaction (batch or on-line). The report shall break by local office with roll-ups to the county and State levels.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.2.2 Terminal Activity Reports**

The Contractor shall provide daily terminal activity reports that show all transactions that will result in funds being moved (i.e., settled) to a retailer, third party processor, or ATM network. The report shall list at a minimum the transaction type, amount, transaction date and type, settlement date, merchant and terminal identifier, and benefits impacted. The report shall provide settlement totals for each entity for which funds will be moved, as well as totals, if any, for transactions that will not be settled until the next processing day. Detail on the reports shall be on a county level with a total at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.2.3 Clearing Report**

This report shall provide at a summary level, both by individual counties and at a state level, the total funds that are being settled for the processing day by program type (i.e., cash and food stamps), and require funding. This report shall balance to the totals from the terminal activity reports. Report shall be on a county level and rolled up to the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.2.4 Database Value Report

This report shall provide at a county level the value of the outstanding liability for unused benefits residing on the EBT system at the end of the processing day. Totals shall be maintained by benefit type, and roll-up to program type. State totals shall be reported by program type. The ending balance for the previous day shall become the beginning balance for the current processing day. The ending balance for the current processing day shall be reconciled by taking into account the beginning balance for the processing day (which is the ending balance from the previous day) and adding or subtracting as appropriate the account activity detailed from both the Terminal Activity and Account Activity Reports.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

### 6.13.3 Support Reports

Support reports are those reports used by the counties and/or State to control and account for activity taking place on the EBT system, such as card issuance, but are not specifically used in the financial settlement and reconciliation process.

#### 6.13.3.1 Batch Processing Reports

The Contractor shall propose a standard set of batch processing reports to be used by the Contractor, the counties, and the State to ensure the complete and accurate transfer of data during nightly batch processing. The reports shall include a Summary Report by file transmission that provides a confirmation for the processing of the batch file(s). The Summary Report shall contain summary verification data, including the total number of records received in the batch and the number of records by record type (e.g., number of add, change, and delete records). The report shall contain a summary of the processing of the transmission (i.e., number of records accepted and number of records rejected). Reports shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.2 Batch Exception Reports

The Contractor shall provide a batch exception report for all batch files received from the counties. Batch exception reports will contain a listing of all records received within a batch which were not processed by the Contractor. Each record included on the exception report will have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case exceptions shall be clearly identified. Reports shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.3 Administrative Terminal Benefit Authorization Report

The Contractor shall provide a report of all benefit authorizations that are added to the EBT system through the administrative terminal functionality. This audit report shall include at a minimum the benefit amount, benefit type, and the User ID of the administrative terminal operator adding the benefit. Report shall be on a local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.4 Administrative Action Reports

The Contractor shall provide to the counties a daily Administrative Action Report that lists all administrative actions attempted and completed either by the system or users logged onto the EBT system. The Report shall identify who initiated the action, the transaction type and the EBT account affected. Administrative actions include changes to recipient, case, or account data (e.g., recipient name or address), account closure, benefit expungements, and food stamp conversions. Report shall be on a local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.5 Merchant Voucher Report

The Contractor shall provide a daily report by county of all voice authorizations of food stamp transactions performed by retailers. The Report shall contain at a minimum the merchant name and FNS number, the transaction amount and type, the date and time, the cardholder performing the transactions, and whether the merchant is a traditional or non-traditional merchant. Report shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.6 Monthly Out-of-State Activity Reports

The Contractor shall provide a monthly report by county of all recipient transactions occurring outside of the State. Report shall be on a local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document \_\_\_\_\_ Pages \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.13.3.7 Benefit Aging Reports

The Contractor shall provide to counties a report by program of clients who have not accessed their benefits for the last 45, 60, and 90 days. The report shall provide aging information by account and benefit type. The Contractor shall clearly identify the aging category the EBT program benefit is falling under (i.e., 45, 60, 90 days). The report shall be available by caseworker within local office. Report shall break by caseworker within the local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.8 Stale Account Reactivation Report

The Contractor shall provide to the counties a daily electronic Stale Account Reactivation Report that identifies the stale accounts reactivated during the previous business day. Report shall be on a local office level, sorted by case number and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.3.9 Card Issuance/Re-issuance Reports

The EBT Contractor shall provide audit and statistical reports of cards being issued and/or reissued to clients. Audit reports shall provide detail data by card issued, such as reason for issuance (i.e., initial issuance or replacement for lost/stolen card), and how the card was issued (i.e., over the counter, mail, etc.). Statistical reports shall provide data needed to manage the EBT program, such as the card reissue rate, the reasons for re-issuance, etc. The Contractor should suggest the statistical reports that will best help the State and counties manage the card issuance process. Report shall be on a local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.3.10 Returned Cards Report**

The Contractor shall provide a report to each county of mailed cards that have been returned. The report will identify the recipient and the date the card was returned in the mail. Report shall be on a local office level and rolled up to the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.3.11 Transaction Denial Summary Reports**

The EBT Contractor shall provide a monthly statistical report by county with a roll-up for the State that provides the number and percentage of client transactions denied, and the reason for the denials (i.e., non-sufficient funds, invalid PIN, etc.)

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.4 Administrative Terminal Security Reports**

Administrative Terminal Security Reports are those reports that identify the users of the EBT Administrative Terminal functionality, the access provided these users, as well as an audit trail of the transactions performed by the users.

**6.13.4.1 Access Definition Report**

The Contractor shall provide to each county a monthly report detailing each authorized administrative terminal user with the ability to access the county EBT data. The report shall also detail the level of access afforded the user through the EBT administrative terminal. Report shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.4.2 Failed Logon Report**

The Contractor shall provide to each county a daily report of users failing in their attempt to logon to the EBT system. Report shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.4.3 User Session Activity Report**

The Contractor shall provide an audit report by User ID of all actions taken by the user on the EBT system from the EBT administrative terminal. Report shall be on a county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.5 Fraud Reports**

The Contractor shall provide a set of fraud reports that will help the State and counties detect fraud and manage fraud investigation activities for all benefit programs included in the EBT system. During the Design Phase the Contractor shall work with State and county investigators on the design, parameters, sort criteria, and production schedule for these reports. In addition to the reports identified below, the Bidder shall recommend other fraud reports that it anticipates the State and/or counties would find valuable.

At a minimum, the Contractor shall provide reports on

- Excessive large dollar Food Stamp transactions
- Multiple transactions in same day
- Transactions with common dollar amounts
- Transaction combination (e.g., balance inquiry/purchase)
- Manual card entry
- Rapid and/or repeated transaction count
- Excessive number of manual vouchers
- Transactions against invalid cards
- Excessive number of card replacements per account
- Redemption of entire benefit in one transaction

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.6 Statistical Reports**

Statistical Reports are those reports that assist with the management of the EBT system. The Contractor shall also suggest, in addition to the reports detailed below, other statistical reports that will help with the management of the EBT system.

**6.13.6.1 Monthly Utilization Reports**

The Contractor shall provide to each county a report detailing the number and type of transactions performed from each EBT only terminal provided to food stamp retailers. Report shall be at the county level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.6.2 Network Statistics Report**

The Contractor shall provide a monthly report providing a summary of transactions by time of day and day of month. The purpose of the report is to show the peak processing time for the EBT system. Report shall be at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.6.3 Management Statistics Report**

The Contractor shall provide a monthly summary report of transaction activity on the EBT system at a county and state level. Statistics provided should include at a minimum benefits authorized for the previous month, transactions performed by transaction type (i.e., food stamp purchases, cash purchases, cash withdrawals), the number of active cases on the system, number of active cards on the system, and the number of cards issued during the month. Report shall be at the county level and rolled up to the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.6.4 Interoperability Statistics Report**

The Contractor shall provide a monthly report of interoperable transactions (as defined in Sections 6.6.3.1 and 6.6.3.2) for the State to use to obtain federal reimbursement of Food Stamp interoperability costs consistent with FNS regulations. The report shall include the number of interoperable transactions by program, cost for such transactions, and other information as may be required by FNS for reimbursement.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

**6.13.7 System Performance Reports**

The EBT system shall meet or exceed the standards, requirements and definitions specified in 7 CFR 274.12, et seq., and specified in this ITP. System performance encompasses the transaction processing platform, as well as the ARU and CSC. The Contractor shall provide reports to the State and counties detailing the performance of the EBT system. Report shall be at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.7.1 EBT System Processing Performance

The Contractor shall provide to the State and each county processing reports that detail the performance of the EBT system (including acquirers and third party processors) over the last month. Specifically the reports shall detail the performance of the system as against the following processing requirements:



- EBT transaction processing platform shall be available 99.9 % of scheduled up-time.
- The host computer shall permit no more than two (2) inaccurate transactions per 10,000 transactions processed.
- Benefit authorizations to EBT accounts and ACH settlement shall occur accurately and on schedule 100% of the time.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.7.2 Customer Service Performance Reports

The Contractor shall ensure that the recipient and retailer customer service lines meet required performance standards on a monthly basis. The Contractor shall provide a monthly statistical report of the performance for each customer service performance standard defined in Section 6.11.4 (rings before answer, time on hold, dropped calls, busy signals). For each performance standard the monthly report shall document a monthly average (based upon the total number of minutes in the month). This monthly average shall be the basis for determining Contractor's compliance with the performance standards. The monthly report shall also provide a daily performance average (for each calendar day in the month), and an hourly performance average for the first ten days of the month. Reports shall be at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.8 Customer Service Reports

The Contractor shall report on the effectiveness of the customer service functions for both the recipient customer service and retailer customer service. Statistics for both the ARU and CSRs shall be reported. The EBT Contractor shall deliver the following reports:

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

##### 6.13.8.1 Monthly Recipient Help Desk Statistics

This monthly report shall provide summary of the number of calls received on the recipient

hotline by reason (hotcard, balance inquiry, transaction history, etc.) for both ARU and CSR. The Contractor shall also report on the number of dispute calls, the reasons for disputes, resolution, and the length of time for resolution. Statistics regarding language selected for both ARU and CSR shall be provided. Report shall be at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.13.8.2 Monthly Retailer Help Desk Statistics

This monthly report shall provide summary of the number of calls received on the retailer hotline by reason (food stamp voice authorization, terminal problems, settlement questions, etc.) for both ARU and CSR. Statistics regarding retailer help tickets, including number of tickets opened, tickets closed, and reason for ticket, shall be provided. Report shall be at the State level.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

### 6.14 Program Integrity

#### 6.14.1 FNS ALERT Requirements

The Contractor shall meet FNS Alert Requirements described in Appendix G. The Contractor shall interface with the FNS Anti-Fraud Locator using EBT Retailer Transactions (ALERT) system, and shall provide monthly FSP redemption data in the file format specified by FNS.

Bidder understands and will comply: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### 6.14.2 Investigative Support

The Contractor shall support the requirements of Federal, State, and county agencies responsible for ensuring the integrity and proper use of benefits to be distributed by the EBT system by advising and assisting in the detection and investigation of misuse by retailers, recipients, State/county employees, or Contractor's staff. The Contractor shall cooperate with Federal, State and county agencies in these investigations by providing the following assistance to investigators:

- Assist, if needed, in the retrieval of manual vouchers for investigation purposes
- Provide access to original and summary documentation reflecting benefit and redemption activity

- Retrieving account history information that has been moved off-line according to timeframes agreed upon between the Contractor and the State
- Document the transaction path between an identified recipient and/or retailer and the EBT host. This shall include transactions routed through third-party processors.
- If needed, serve as an expert witness on the EBT system in a court of law and provide testimony in support of investigations of fraudulent activity in relation to the system.
- Restrict access to information so that no investigation is compromised

Bidder understands and will comply: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.14.3 Administrative Terminal Support of Fraud Investigation Activities**

The Contractor shall provide Federal, State and county offices with on-line access to recipient and retailer transaction information via administrative terminals, as required in Section 6.6.2.5. Fraud investigators shall have inquiry access to trace each step of the benefit authorization, card issuance, and PIN selection process. Investigators shall also have the ability to review benefit authorization history data elements, including benefit amount, benefit program type, date authorized, date available, conversion activity, and repayment activity. Investigators shall also be able to review account transaction history.

Bidder understands and will comply: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.15 System Security**

The Contractor and all subcontractors shall ensure that an appropriate level of security is established and maintained in connection with the EBT system. The Contractor shall rely on EFT industry standards and conventions to ensure a sound and secure EBT operating environment. The Contractor shall adhere to requirements of the FNS Handbook 901, the FNS EBT System Security Guidelines, and the Quest Operating Rules. The security controls to be used by the Contractor and/or any subcontractor(s) in the performance of services required under this ITP shall be specified in the Bidder's response to this ITP.

The Contractor shall be responsible for the development, implementation and maintenance of a comprehensive security program for the EBT system and operations. This program shall include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system. Documentation of the comprehensive security program will be submitted by the Contractor as the EBT Security Plan.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.15.1 Confidentiality**

The Contractor must ensure that recipient and retailer confidentiality is not breached by allowing information to be accessed by unauthorized persons or for unauthorized purposes. The Contractor, its officers, agents, employees and subcontractors should treat all information, with particular emphasis on information relating to recipients and retailers which is obtained through its performance under the contract, as confidential information to the extent required by State and Federal laws and regulations. The use of information obtained by the Contractor in the performance of duties under the contract should be limited to purposes directly connected with such duties as assigned by the State to the Contractor.

The Contractor shall maintain the confidentiality of retailer data, per Federal regulation 7 CFR 278.1 (q), as follows: "The contents of applications or other information furnished by firms, including information on their gross sales and food sales volumes and their redemption of coupons, may not be used or disclosed to anyone except for purposes directly connected with the administration and enforcement of the Food Stamp Act." Failure to keep this data in strict confidence can lead to fines and imprisonment.

The Contractor or subcontractor shall not sell or give recipient data, retailer data, transaction information, or eligibility information to any party not authorized to receive that data. Data ownership resides exclusively with the State and the counties.

The Contractor shall be responsible for ensuring that any agreement between the Contractor and any of its officers, agents, employees or subcontractors contain a provision that strictly complies with the terms of this section.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.15.2 Physical Security**

The facilities where EBT processing equipment and products reside shall be equipped with a physical security system that shall include personnel security checks for entry, door alarms, fire alarms, and motion detectors that operate 24 hours per day, 7 days per week. The Contractor's processor shall be located in a site that is secure against physical and electronic intrusion. Controls shall be managed to minimize service disruption in the event of any disaster or emergency.

As part of the EBT System Security Plan the Contractor shall describe its approach to physical security, including, at a minimum, a description of:

- Records security
- Employee security
- Facility security
- Data security
- Material disposal (e.g., data, hardcopy reports, audit logs, etc.)
- Visitor access security
- Technical security

The State requires the destruction of unused, unprinted or partially produced and omitted products by shredding, burning, or dissolving on the facility premises unless an alternate method is approved by the State. Such material shall not leave the Contractor's premises until it has been processed so that it is no longer identifiable. An audit record shall be used to account for all materials destroyed.

The State or county may authorize the Contractor to remove unused products from the Contractor's premises. The Contractor shall provide the State or county photocopies of all logs showing unused or omitted products destroyed or removed from the Contractor's premises within five (5) business days of occurrence.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

### 6.15.3 EBT System Security

This section addresses security and control requirements pertaining to the development and overall operational characteristics of the EBT information and processing systems. Bidders shall describe the systematic and procedural controls for the following areas and any other areas identified by the Bidder pertaining to controls for the EBT system operations.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.15.3.1 Control of Card Stock

The Contractor shall be responsible for card stock management, and shall ensure that unissued card stock is properly safeguarded against loss, theft, and or misuse. The Contractor shall be responsible for and bear liability for all unissued card stock until such stock is either received by the CWD or

mailed to recipients. Authentication checks shall be provided during card activation transactions. Card management control procedures shall be described in the EBT Security Plan.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.15.3.2 Control of PINs

The Contractor is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification. The PIN shall not exist in clear text, be transmitted in clear text at any point in the EBT network infrastructure, or be logged or recorded in the EBT system while decrypted. All cryptographic functions for decrypting PINs transmitted to the EBT facility shall be performed in secure cryptographic devices in which all clear text PINs and keys are protected against disclosure and modification. PIN information should not be stored; however, if such information is stored, it shall be encrypted under a unique key not used for any other purpose. Access to stored encrypted PINs shall be strictly controlled. Authentication checks and transmission security shall be provided during PIN selection or PIN change either through POS device or over the telephone lines. PIN control systems and procedures shall be described in the EBT Security Plan.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.15.3.3 Transaction Security

The Contractor shall provide controls to ensure that EBT transaction communications are safeguarded, and EBT transactions are processed only for properly executed transactions from authorized sources. Communications message validation shall provide for control edits for message completeness, file and field formats, and control and authorization measures. Bidders shall describe controls to secure communication lines and links. The Contractor shall have the ability to perform error checking of transmitted data to ensure integrity of transmitted data, including range checks for acceptable data fields and message format checks. In addition, the Contractor shall provide a configuration layout showing complete end-to-end details of the telecommunications and automated information system(s) as part of the Detailed System Design required as a development deliverable.

Transactions subject to intercept or monitoring, including all transactions traveling over public networks shall be encrypted. The Contractor shall support both hardware and software security standards for transaction security using the DES documented in ANSI X3.92. The security standards apply from the point of transaction initiation in the terminal's PIN pad, through the retailer, third party processor or Contractor's system, to the point of transaction authorization

within the Contractor's processor switch.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.15.3.4 Data Access Controls

The Contractor shall provide for software to control access to the EBT system data. Such data access control software shall ensure that access to the EBT system to input data or generate inquiries is strictly controlled. (This includes access by Federal, State, county, and Contractor personnel.) Data access control software shall provide for the following capabilities at a minimum: user identification and authentication, discretionary access controls, and system access audit controls.

The Contractor shall create and maintain an audit trail of system activity to prevent unauthorized modification or destruction of data. The audit and control procedures shall include audit trails for database access, including user identification for all users. At a minimum, the Contractor shall record the following types of events: user ID, authorized activity, and unauthorized actions; user and program actions such as file or program opens, modification, deletion, or initiation; date and time of activity, type of activity, and success or failure; origin of event.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### 6.15.3.5 Object Re-use

When a storage object (including but not limited to core area and disk file) is assigned, allocated, or reallocated to a system user, the system shall assure that the object has been cleared. Object re-use protection shall be provided to prevent the inadvertent disclosure of residual information from data storage devices. The EBT Security Plan shall also provide for the confidential destruction of magnetic media when no longer required.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.15.4 Administrative Terminal Security**

As part of the EBT Security Plan, the Contractor shall describe security and control systems for use of administrative terminals. State and county staff shall have administrative terminal access to perform inquiries on EBT account information for all counties. Such access shall be limited to "read only" inquiry capability. Specific multi-level access controls shall be developed with the State during the design phase and documented in the EBT Security Plan.

At a minimum, the following requirements shall be accommodated. The Contractor shall develop password generation, distribution, and expiration methods that will apply to those with access to the EBT system. All administrative terminal passwords shall be encrypted throughout the system. The Contractor shall ensure that user IDs are unique within the system. Passwords shall be changed according to the counties' system security policies. Three (3) consecutive invalid password attempts shall require reactivation by the system administrator. The system shall not allow a user to log into more than one administrative terminal at the same time. Screen time-outs shall be set to county specifications.

Each county shall assign their own System Security Administrator to work with the Contractor's designated staff when issuing user IDs and privileges. Specific database access privileges shall be assigned to specific administrative terminal users. The system shall specify maximum benefit authorization and benefit replacement limits.

The Contractor shall provide a list of all valid system users to the county (including Contractor staff).

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.16 Independent Audit and Certification**

The Bidder will be required to submit, with its Proposal, a list of all independent or internal audits performed in the last five (5) years that include reviews of data processing, operations, disaster recovery, operational recovery, internal control, and security functions. The Contractor shall submit lists of independent or internal audits on an annual basis. The Contractor shall provide copies of any audits identified on this list upon request.

After contract award, any subsequent subcontractors utilized by the Contractor shall also submit to HWDC a list of independent or internal audits performed in the last five (5) years that include reviews of data processing, operations, disaster recovery, operational recovery, internal control, and security functions. The subcontractor shall also submit lists of independent or internal audits on an annual basis. The subcontractor shall provide copies of any audits identified on this list upon request.



Additionally, the Contractor shall provide an annual written certification stating that it and its subcontractors are in compliance with applicable banking regulatory requirements and EBT program specific requirements. Such certifications shall be subject to independent examination and validation. The following lists the EBT program specific requirements that shall be addressed in the EBT Contractor self-certification of compliance:

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.16.1 Banking and Financial Services Rules**

The Contractor and any subcontractors shall comply with banking, EFT, and other financial services industry rules that relate to the EBT application. The Contractor and subcontractor certification of compliance shall include banking, EFT, and financial services industry rules to the extent that such rules govern aspects of EBT system operations. Such rules include the National Automated Clearing House Association (NACHA) Operating Rules and Operating Guidelines, and the Department of the Treasury Financial Management Service Green Book Requirements and 31 Code of Federal Regulations Part 210.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### **6.16.2 Quest EBT Operating Rules**

The Contractor and any subcontractors shall comply with the Quest Operating Rules and any modifications thereto. These operating rules detail the operational requirements for EBT vendors, third party processors and all other parties participating in the EBT program.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### **6.16.3 Benefit Program Rules**

The Contractor and any subcontractors shall comply with the specific benefit program level requirements. For benefit programs that do not have specific written requirements for participation in the EBT program, the Contractor shall comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. Currently, one benefit program has written requirements specifically for participation in the EBT program:

USDA Food and Nutrition Service Final Rule 7 Code of Federal Regulations Parts 272, 274, 276, 277 and 278.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

#### **6.16.4 Internal Control and Physical/Personnel Security Requirements**

The Contractor is subject to the control and security requirement of this ITP and the components of its individual EBT Security Plan.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_

##### **6.16.4.1 Self-certification Requirements**

- The Contractor shall accept responsibility for and provide an evaluation of its compliance with the EBT program specific requirements, compliance with the applicable regulatory requirements, and the effectiveness of the internal control structure in ensuring proper safeguards for the administration of public funds.
- The Contractor shall provide to the State a written certification of compliance with the EBT program specific requirements and applicable bank, EFT, and financial services industry requirements related to the EBT application. The Contractor shall explain how such determination of compliance was made, including bank examination, audit, and internal review. Any exceptions or qualifications must be identified and explained, and the Contractor shall describe corrective actions taken or plans to address such exceptions. It is the expectation of the State that the Contractor will utilize the results of current bank examinations, audits, reviews, and similar activities in making certification of compliance.
- Internal Control. The Contractor shall certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The Contractor shall describe how such certification was made. The Contractor may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in making this certification.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.16.4.2 Annual Examination Requirements**

The Contractor and any subcontractors shall arrange for the performance of annual examination by a Certified Public Accounting firm or other independent practitioner acceptable to the State. The purpose of this examination is to ensure that the certification of compliance and internal control provide reasonable assurance of said compliance, and that any disclosure of exceptions or qualifications made by the Contractor or subcontractors are proper and complete. Any exceptions or qualifications shall be identified and explained, and the Contractor or subcontractor shall describe corrective actions taken or planned to address such exceptions. A written statement on this examination is required and shall be sent to the State together with the self-certification statements.

The examination shall be performed in accordance with the Government Auditing Standards guidance for a financial related audit, specifically, Statement of Standards for Attestation Engagements (SSAE) No. 3. SSAE No. 3 is applicable to the EBT annual examination in that it addresses the attestation requirements to examine management's assertions of compliance. The independent examiner may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in supporting this examination. Additionally, an examination in conformity with Association for Independent Certified Public Accountants (AICPA) SAS 70, Processing of Transactions by Service Organizations, is required. The audit should culminate in a report on policies and procedures placed in operation and tests of operating effectiveness. The report should be addressed to

Chris Dunham  
Health and Welfare Data Center  
EBT Project  
1651 Alhambra Boulevard  
Sacramento, CA 95816-7092

and submitted within thirty (30) days of the State's fiscal year end. It should be clearly stated in the Bidder's Proposal that the State will receive a copy of the audit performed in accordance with SSAE No. 3 and that the report will be received within thirty (30) days of the State's fiscal year end.

The State retains the right to monitor that the examinations are performed in accordance with standards. The State retains the right to perform any additional procedures or examinations as determined necessary during this contract and for a period of three (3) years following the date of final payment under this contract, to assure compliance with its terms and/or to evaluate the Contractor's performance.

Any amounts that have been paid by the State to the Contractor which are found to be improper in accordance with the terms of the contract shall be returned to the State or may, at the discretion of the State, be returned in accordance with other remedies.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

#### **6.16.5 Monitoring**

The Contractor and any subcontractor shall permit the State and any other governmental agency authorized by law, or their authorized designee, to monitor all activities conducted by the Contractor and any subcontractors pursuant to the terms of this contract. The monitoring agency may, in its sole discretion, as deemed necessary or appropriate, perform monitoring that may consist of internal evaluation procedures, reexamination of program data, special analysis, on-site verification, formal audit examinations, or any other reasonable methods. All monitoring shall be performed in a manner that will not unduly interfere with contract work.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

### **6.17 System Availability and Backup**

#### **6.17.1 System Availability**

The EBT system shall meet or exceed FNS requirements for system availability and reliability. The Contractor shall maintain a stable and reliable network architecture to service recipient benefits on-line 24 hours per day, 7 days per week. The EBT system transaction processing platform shall be available 99.9% of scheduled uptime.

The total system, including the transaction processing platform, any network or intermediate processing facilities and cardholder authorization processors, shall be available 98% of scheduled uptime. The Contractor shall insure that networks and third party processors are capable of meeting FNS system availability standards. The Contractor shall make this determination at the time of certification, and shall not certify a third party processor or network that cannot demonstrate ability to meet federal system availability and reliability standards.

Scheduled uptime shall mean the system is available to accommodate and process all transactions 24 hours per day, 7 days per week, excluding scheduled downtime for routine maintenance. Scheduled downtime shall be for routine maintenance and shall occur only during non-peak hours (12:00 midnight to 6:00 A.M. Pacific Time) and non-peak benefit issuance days (not first through tenth of month). Bidders shall define scheduled routine maintenance in their responses. Unscheduled downtime is defined as any time the system is unable to process and complete transactions, regardless of the point within the system where the transactions failed (e.g. failure of application modules, system errors, failure to process due to insufficient capacity at one or more points in the system). In the event of unscheduled downtime, the Contractor shall notify the State according to agreed upon escalation procedures.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.17.2 Backup and Disaster Recovery**

The Contractor shall provide written backup procedures to ensure the continuation of operations in the event of a disruption in operations longer than thirty (30) minutes. Backup procedures shall allow benefit access when the Contractor's computer, system terminals, or communications are not operational. Backup procedures shall include manual transaction processing for the FSP.

A hot back-up site is required to ensure continuous coverage of benefit payment/distribution service in the case of primary system failure. The hot back-up site shall be located in a separate geographic location from the primary system to ensure that it is not subject to the same man-made or natural disaster. In the event that a disaster of any kind occurs at the EBT host site, cutover to the backup system shall occur. This cutover should be transparent to retailers and recipients.

Backup system escalation procedures, monitoring capabilities, resource sizing, capacity and response times shall be demonstrated to the satisfaction of the State prior to, during, and after implementation.

The Contractor shall perform mandatory disaster recovery drills annually.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

**6.17.3 Backup, Disaster Recovery and Business Continuation Plan**

The Contractor shall ensure that appropriate disaster recovery and contingency plans are developed and maintained, to ensure continuity of the critical functions of the EBT system. The Contractor shall submit a Backup, Disaster Recovery and Business Continuation Plan, which provides an evaluation of the types of events that may impact the EBT system's operations and therefore require backup and recovery plans. The Plan shall cover all events of total or partial cessation of operations or destruction of the database or physical facility.

The Backup, Disaster Recovery and Business Continuation Plan shall include procedures for recovery of the computer facility, recovery of transaction files and manual back-up procedures. The Plan shall include procedures for disaster prevention, detection and controls that address:

- Central Processing Unit
- Telecommunications network
- Fire and water detection system
- Back-up electrical power
- Tape storage and recovery procedures
- File back-up and recovery procedures

- Security procedures
- Data recovery/reconstruction procedures

For each major risk event the Plan shall describe actions to be taken, the resources to be used, and the procedures to be followed during and after any such event. The Plan shall detail contingency provisions to ensure that benefits continue to be accessible by clients. In addition, the Contractor shall outline the resources committed to each proposed contingency plan (e.g., people, systems, telephone lines, operations sites), indicate whether the contingency plan has been tested under real or simulated conditions, and address the availability of equipment for both automated and manual procedures. The Plan shall contain a description of the Contractor's back-up equipment to allow for system access in the event the Contractor's computer, terminals, and communications links are disrupted.

The Backup, Disaster Recovery and Business Continuation Plan shall include escalation procedures that define the necessary points-of-contact at the Contractor, State, and county levels, and define communication procedures for each representative.

During the Implementation Phase the Contractor shall work with each county and its respective eligibility system vendor to define the requirements for continuation of business (COB) in case of a disaster to the respective county's data center. Following agreement on the requirements by the Contractor, the county, and the State, out-of-pocket costs to implement COB contingency plans, such as telecommunications to a back-up data center, shall be treated as a change order to be paid for by the State.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Reference Document: \_\_\_\_\_ Page(s) \_\_\_\_\_

Description: \_\_\_\_\_

### 6.18 Year 2000 Compliance

The Contractor shall be responsible for warranting that the EBT system is Year 2000 compliant and interfaces with each county's Year 2000 compliance solution. Year 2000 compliance is achieved when an application or system's products, programs, files, databases and functionality do not have or create any logical or mathematical inconsistencies or errors when dealing with dates. The product(s) shall also operate accurately in the manner in which it was intended for data operation without requiring manual intervention. The Contractor shall ensure that each third party processor who has an agreement with the Contractor for California EBT services is Year 2000 compliant so that recipients shall not experience a loss of service.

The Contractor shall comply with FNS and State Year 2000 requirements located in the Bidders' Library.

The Contractor shall provide documentation that will address the EBT system's Year 2000 compliance with respect to the following areas:

- Data Formats
- Hardware
- Operating System
- Software Applications
- Transaction Processing
- System Interfaces.

For Year 2000 conversion, the Contractor shall describe the methodology to be utilized, the implementation methods, and the types of testing that will be performed. Actual Year 2000 EBT conversion plans shall describe modifications to the facility environment, overall architecture, hardware, operating system, network, database, and resident and interfacing applications. Support applications and systems that require modification shall also be described and conversion plans provided (e.g., ARU, Help Desk, POS Software). Year 2000 compliance for other EBT system components, including interfaces (e.g., ACH, State, county, third party) and Disaster Recovery platforms, shall also be described.

The EBT Year 2000 documentation shall include, but not be limited to, the following:

- Approach
- Conversion Plan
- Test Plan
- Business Continuity Plan (revised to include back-up plans for Year 2000 application/module failures)
- Third Party and ATM Network Certification Plan.

Meets Requirement: Yes \_\_\_\_\_ No \_\_\_\_\_

Description (if any): \_\_\_\_\_